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Hudson Bay Route Association

SUBMISSION

To

Royal Commission
on Transportation



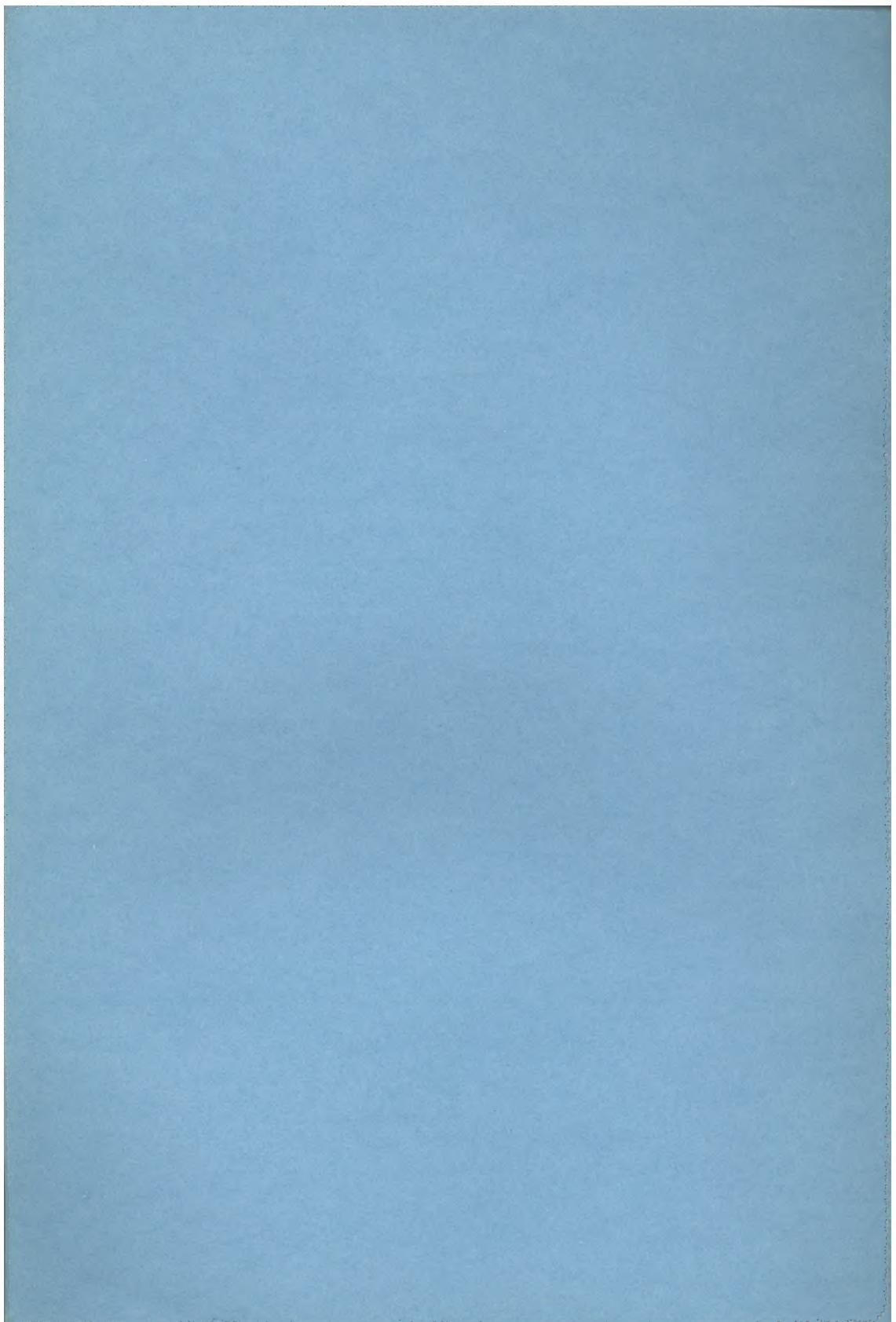
Presented by
R. H. MacNEILL, Director
Hudson Bay Route
Association

EVIDENCE SUBMITTED
AT REGINA, SASKATCHEWAN
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"BUY BRITISH"
EXPORT and IMPORT via CHURCHILL







R. H. MacNEILL

Born at Charlottetown, Prince Edward Island, 1883, of English and Scottish parentage. Graduate High School and Prince of Wales College, certified in Economics and History. Journalistic career, including Press Gallery, House of Commons, Ottawa, 1906-1908. Appointed secretary Hudson Bay Railway 1908-1909 by Dominion Government, Department of Railways and Canals. In 1910-1911 surveyed Hudson Bay and Straits regions topographically and photographically, continuing for over twenty years as an active official in the building and operation of the Hudson Bay Route. Liberal-Progressive candidate in The Pas, Manitoba, Provincial Constituency, 1922; defeated by Premier John Bracken of Manitoba. Charter member "On to the Bay Association," 1923; later director Hudson Bay Route Association. His practical experience often published and publicly spoken definitely favoured successful operation of this thousand-mile shorter Western Canadian Hudson Bay transportation service to Britain and European countries. Presently engaged in Financial Investment, Insurance Broker and Notary Public, at Kississing, Manitoba.

In continuation of a great fight during the past fifty years by the people of Western Canada for the opening up and development of the shorter Hudson Bay Transportation Route to Britain and other European countries, a lifetime opportunity arose to further establish the practicability, when on June 9th, 1949, at Regina, Saskatchewan, a presentation of the following sworn evidence was given to Canada's Royal Commission on Transportation, by Director of the Hudson Bay Route Association Mr. R. H. MacNeill, who was ably assisted by legal counsel Mr. M. A. MacPherson, K.C., of Regina, and strongly supported by Mr. W. G. Streeton, president, and Mr. Frank Eliason, secretary, of the Hudson Bay Route Association. The verbatim report of the proceedings are herewith published for the information of all who are interested in this great undertaking and its imperative fuller usage.

ROYAL COMMISSION ON TRANSPORTATION

Personnel:

Hon. W. F. A. Turgeon, Chairman.
Harold Adams Innis, Commissioner.
Henry Forbes Angus, Commissioner.
Frank Covert, Legal Counsel for Commission.
G. R. Hunter, Secretary.
P. L. Belcourt, Assistant Secretary.

Historical Resumé of Churchill and the Hudson Bay Route

With the influx of settlers to Western Canada in the early part of this century and the rapid development of agriculture, a need for larger markets soon began to be felt. It was not possible to dispose of the ever increasing volume of agricultural products in local markets, so the necessity of securing export markets became a pressing problem.

The most attractive overseas market was Britain and the European continent, but rail transportation to Eastern ports is costly and it was soon recognized that there were advantages to be secured in building a line from the Prairies to tidewater. The shortest line from the Prairies to the sea led to the Hudson Bay. The struggle for this shorter marketing outlet developed rapidly as soon as the practicability of building a railway and port facilities became known. Western farmers and business men formed an organization under the name of the On to the Bay Association in 1923, and thus the movement crystallized and became sufficiently powerful to command attention and support of the Federal authorities. In 1944 the name of the association was changed to "The Hudson Bay Route Association."

The Hudson Bay Railway and the port of Churchill on the Hudson Bay was finally built and ready for operation in 1931 and in that year the R. S. Dalglish Company, Newcastle-on-Tyne, sent in two ships and loaded 550,000 bushels of grain for European markets.

By that time, however, very strong opposition to this new route, which brings the European markets 1000 miles nearer to the West, had developed in Eastern Canada where large sums of money are invested in grain terminals, port facilities, etc. The railways also felt the loss of revenue, being deprived of the long freight hauls from the West to Eastern terminals. Supported by a hostile section of the press, these various interests were able to create some difficulties by adverse propaganda against the route.

The supporters of the Hudson Bay Route, however, are fighting back in an organized, intelligent manner as will be shown by the evidence submitted by the Hudson Bay Route Association to the Royal Commission on Transportation which is published verbatim in this pamphlet. This evidence, we believe, will further prove to the satisfaction of every one our contention that the Hudson Bay Route is the practical and economic transportation outlet from Western Canada to world markets and is a necessity to the development of our natural resources.

THE HUDSON BAY ROUTE ASSOCIATION.

Mr. MacNeill Testifies

R. H. MacNEILL, Called
EXAMINED BY MR. MACPHERSON

Q. Your name is R. H. MacNeill?
A. Yes, sir.

Q. And you live at Sherridon.
A. Yes.

Q. That is where the Sherritt Gordon
Mine is in the Province of Manitoba?
A. Yes.

Q. I believe you were the first Secretary
of the Hudson Bay Railway?
A. That is right.

Q. You came out some forty years
ago from the east as Secretary of that
railway when it first started?
A. Correct.

Q. And you have been in the west
ever since?
A. Yes.

Q. You remained with the Hudson Bay
Railway until when?
A. 1930.

Q. And since 1930 you have remained
in that area and you are interested in that
area?
A. Correct.

Q. You are giving evidence here on
behalf of the Hudson Bay Route Association?
A. Right.

Q. Which in turn is the successor of
the On to the Bay Association?
A. Yes.

Q. You have a brief which you wish
to present. Will you proceed?

A. The Hudson Bay Route Association
respectfully submits the following
brief concerning the Hudson Bay Railway
and the Hudson Bay Route generally
for your earnest and sympathetic
consideration.

It is now a matter of history that
from the days of early settlements in
the Prairie Provinces the people clamored
for relief from being landlocked and having
to pay the long haul freight charges
to Eastern Canadian Tide-Water Ports
in connection with their imports and exports.
The people of Western Canada
are strongly in favour of trade with
Britain which provides the main markets
for exports of agricultural products
and they are anxious to maintain their
markets by purchase of British manufactured
goods. It was only reasonable
to expect that they would search for the
nearest and cheapest outlet and after
research and negotiation with the Federal
Government the conclusions were finally

arrived at to build a railway from The Pas, Manitoba, to Churchill which was found to be a practical site for the Western Canadian port.

The railway was completed in 1929 to tidewater at Port Churchill, the harbour and government terminal elevator facilities being completed in 1931 and in that year it may be said the Hudson Bay Route was inaugurated for overseas mercantile trade.

2. In order to consolidate opinions and establish a medium through which negotiations with governments and other authorities might be carried on, the "On to the Bay Association" was formed in 1923.

The membership of the aforementioned Association was composed of representative business, professional men, and farmers in Western Canada, and great credit is due to them for their efforts.

The "On to the Bay Association" functioned successfully until, due to war conditions, Hudson Bay Railway and the Port of Churchill was taken over by the government and used for defence purposes. In November of 1944, however, a meeting of the "On to the Bay Association" was held in the city of Saskatoon, the name was changed to "The Hudson Bay Route Association" and it was decided to begin negotiations with the Federal Government for a return of the Railway and the Port to commercial use. This was accomplished in 1945 and the Hudson Bay Route is again recognized as a trade route to the markets of the world. This trade route brings Western Canada approximately 1000 miles nearer to overseas markets as compared with Atlantic ports.

While the cost of the Hudson Bay project as stated in government records is \$57,011,834.51, it is well to bear in mind that from 1908 to 1918 14,085,880 acres of Western lands were sold for \$42,257,640 for the purpose of building a railway to the Hudson Bay.

THE CHAIRMAN: Q. That is crown lands?

A. That is crown lands.

MR. MACPHERSON: Q. As a matter of fact, that was pre-emption lands?

A. Pre-empted homestead land.

Q. They had a realization from pre-emption land of \$3 an acre?

A. Under the Dominion Land Act of 1908.

The Hudson Bay Railway was paid for from the sale of this land and so far

as is known there is no bonded indebtedness against this project.

THE CHAIRMAN: Were all these lands situated in Saskatchewan?

MR. MacPHERSON: They were not all in Saskatchewan. They were in Saskatchewan and Alberta. There were none in Manitoba?

THE WITNESS: Yes, there were.

MR. MacPHERSON: There were some in Manitoba as well.

THE CHAIRMAN: Q. But all in those three provinces?

A. The three Prairie Provinces.

3. That substantial use has been made of the Hudson Bay Route is revealed by traffic statistics covering the years 1931-1948 inclusive. The following table shows the record of traffic during this period.

Year	Number of Ships Reported (Deep Sea, Ocean Going, Coastal or Inland Commercial)	Water Borne Cargo Tonnage (Short ton-2000 lbs.)	Inward	Outward(1)
1931	2	390	18,342	
1932	10	419	83,067	
1933	10	2,819	81,301(2)	
1934	15	2,466	121,573(3)	
1935	8	2,583	72,210	
1936	15	2,128	128,805	
1937	14	2,004	19,060	
1938	25	52	28,780	
1939	20	1,620	53,743	
1940	17	67	459	
1941	19	91	762	
1942	34	122	26,653	
1943	35	1,232	32,495	
1944	12	65	1,383	
1945	9	30	1,077	
1946	21	93	93,651	
1947	35	425	155,835	
1948	35	949	158,760	

(1) Wheat cargo

(2) Also 150,134 F.B.M. lumber and 200 head cattle

(3) Also 2,399,544 F.B.M. lumber and 580 head cattle

MR. MacPHERSON: Q. In that table you set out the movement in the various years from 1931 to 1948?

A. Correct.

Q. Inward and outward?

A. Correct.

Q. And the figures speak for themselves.

A. Correct.

COMMISSIONER INNIS: Q. Is there any distinction as to the type of ship? I notice you have deepsea, oceangoing, coastal or inland commercial.

A. Just tramp steamers.

MR. MacPHERSON: What size?

THE CHAIRMAN: What is that?

THE WITNESS: Averaging about 10,000 tons.

COMMISSIONER INNIS: Q. All these average about 10,000 tons?

A. Yes.

Q. These are not small ships which go along the coast?

A. No, these are cargo carrying boats. They are not coastal boats.

Q. Coastal or inland commercial would seem to include other boats?

A. There might be a few, very few tramp steamers, about 10,000 tons.

MR. MacPHERSON: Q. Go ahead now.

A. You are through with this table?

Q. Yes.

A. It will be noted that the high points in the inward freight movement occurred in 1933 when over 2,600 tons of freight moved inward through Churchill. The period of high inward traffic volume continued throughout the years 1933-1937 inclusive. Following the war the Route has again shown some recovery in the matter of freight, traffic reaching almost 1,000 tons in 1948.

From the standpoint of outward cargo carried through the Hudson Bay Route the peak year was reached in 1948 as indicated in the foregoing table. Predominate in export shipments has been wheat but it will be noted that lumber, and to some extent cattle, have also moved outward through the Port of Churchill. With the progressive development of natural resources in northern parts of the Prairie Provinces, the future holds promise of a substantially increased volume of traffic. It is submitted that this emphasizes the desirability of doing everything which can be done to make the Route attractive both to exporters and importers.

With reference to inward traffic movement the following table shows freight charges with comparisons on freight moving to destinations from Montreal or Churchill into the Prairie Provinces.

Between	Mileage (All Rail)	1st Class Rates	
		Std. Mileage	Rate
Churchill and Calgary	1214	\$4.02	\$3.74 (W.505)
Montreal and Calgary	2221		5.48 (4-F)
Churchill and Winnipeg	977	3.52	3.16 (W.505)
Montreal and Winnipeg	1354		3.23 (4-F)
Churchill and Regina	843	3.18	2.86 (W.505)
Montreal and Regina	1710		4.33 (4-F)
Churchill and Edmonton	1137	3.87	3.58 (W.505)
Montreal and Edmonton	2147		5.48 (4-F)

1st Class Freight Rate Churchill to Calgary, 1214 miles, \$3.74.
 1st Class Freight Rate Montreal to Farlane, 1216 miles, \$2.94.
 1st Class Freight Rate Churchill to Winnipeg, 977 miles, \$3.16.
 1st Class Freight Rate Montreal to Collina, 984 miles, 2.41.
 1st Class Freight Rate Churchill to Regina, 943 miles, \$2.86.
 1st Class Freight Rate, Montreal to Halifax, 803 miles, \$1.06.
 - First Class Freight Rate Churchill to Edmonton, 1137 miles, \$3.58.
 - First Class Freight Rate Montreal to Sunstrum, 1134 miles, \$2.76.

Q. In that table you show the mileage, the first class rates, standard mileage rate and class rate, taking Churchill, Calgary, Montreal, Winnipeg and Regina?

A. Yes, sir.

Q. Will you go on from there?

A. It will be noted the difference in the case of Winnipeg is extremely small and traffic through Churchill to that important distributing centre is very light as a result (see Appendix A). We have Appendix A here.

Q. I purpose filing all those together. There are certain appendices which the witness has and we can file them together.

THE CHAIRMAN: Do they contain maps of the area adjacent to the Hudson Bay Railway?

MR. MacPHERSON: Yes.

MR. COVERT: Perhaps we can give a number to those now. They will be Exhibit No. 13 A, B, C, and so on.

MR. MacPHERSON: And D; there is other information which he wishes to file as well.

EXHIBIT No. 13A: Freight charges on traffic ex "North Anglia" discharged in August and September, 1948, at Churchill, Manitoba.

THE WITNESS: As an example of the foregoing we would draw attention to the importation of window glass. It will be noted that a substantial volume of this commodity was brought in over the Hudson Bay Route to Regina.

THE CHAIRMAN: Q. Where does window glass come from?

A. Great Britain and Belgium.

MR. MacPHERSON: I think the Belgian glass was the chief import at that time.

THE WITNESS: Other Saskatchewan points also imported substantial amounts of window glass via this route. Reference to the tables indicates that no window glass was imported through the Port of Churchill into the city of Winnipeg even though the market for this commodity in

that centre is much greater than any other Prairie city.

6. From the standpoint of the development of traffic over the Hudson Bay Railway, some attention might usefully be drawn to certain facts concerning the city of Winnipeg. It is the largest established consuming and distributing centre in the Prairie Provinces. Indeed it is the largest city between Toronto and Vancouver and is almost three times the size of the next largest Prairie city.

THE CHAIRMAN: Q. Which did you have in mind when you said the next largest prairie city?

A. Well, Regina.

MR. MacPHERSON: Regina would be the next, with a population of about 60,000 or 62,000.

THE WITNESS: Furthermore, it has a distance advantage from United Kingdom ports of approximately 377 miles in favour of the Churchill Route as compared to the route via Montreal and it is contended that this mileage advantage, and the mileage advantages of other Prairie distributing centres, should be reflected adequately in the relative cost for the carriage of freight.

7. That the great advantage of the shorter distance from Prairie points to tidewater at Churchill compared with Montreal is not reflected in the freight rate structure now obtaining on the Hudson Bay Railway is shown in the following table.

From	To	Mileage	100 lbs.)	1st Class Rate
Montreal	Winnipeg	1354	\$3.23	
Churchill	Winnipeg	977	3.16	
Mileage difference in favour of Churchill 377.				
Montreal	Regina	1710	4.33	
Churchill	Regina	843	2.86	
Mileage difference in favour of Churchill 867.				

MR. MacPHERSON: Q. Then you insert a table, Mr. MacNeill, in which you show the mileage and the first class rate Montreal-Winnipeg, Churchill-Winnipeg, Montreal-Regina and Churchill-Regina?

A. That is correct.

8. The whole purpose behind the building of the Hudson Bay Railway and the development of Churchill was to bring the Prairies closer to tidewater with the logical expectation that the substantial advantages of reduced rail haul would be directly reflected in reduced freight costs. This expectation has not been fully realized due apparently to the particular rate structure which has been applied to the Hudson Bay Railway. The application of the Prairie rates and

absence of competitive forces have in large measure denied to this route and the territory it was designed to serve, the advantage of the shorter haul. Thus, in the case of the large distributing centre of Winnipeg we find the anomaly that with a distance advantage of some 377 miles in favour of Churchill the First Class rate is only 7 cents less than the rate from Montreal. In the case of Regina the rail haul is less than half the distance from Montreal but the rate is \$2.86 compared with \$4.33 or only about one-third less. These examples appear to point up sharply the effect of the generally higher effective rates applying on movements within the Prairie territory and the impact thereof on the Hudson Bay Route.

9. For the further information of the Commission we attach as an appendix to this brief a study conducted by the Trade Services Division of the Department of Co-operation and Co-operative Development entitled "Imports via Hudson Bay Route, 1948." (Appendix B.)

MR. MacPHERSON: That will be included in Exhibit 13.

MR. HUNTER: It will be 13-B.

EXHIBIT No. 13-B—Booklet—Imports via Hudson Bay Route, 1948.

THE WITNESS: In this, data will be found on tonnages of various commodities consigned to several Prairie points and comparisons of charges involved.

THE CHAIRMAN: Q. What effect, if any, had the Crows Nest Pass agreement on that?

A. No effect, your lordship; quite satisfactory on the rates for grain and grain products.

Q. Well, does it apply on grain?

A. Yes.

MR. O'DONNELL: The same rates apply there, my lord.

MR. MacPHERSON: The same rates as Montreal.

THE WITNESS: On grain.

MR. O'DONNELL: We discussed that at Winnipeg.

THE WITNESS: 10. The Hudson Bay Route Association earnestly urges that the rate structure on the Hudson Bay Railway be carefully reviewed to the end that reductions be instituted so that the resulting rates may adequately reflect the shorter distance to tidewater and thereby facilitate and enlarge the volume of traffic over this Route. This is urged having regard to the develop-

ment of traffic which has already taken place, to the immediate potential traffic and to the general development of the Route having regard to the great potentials which the promise of Northern development justifies.

11. It is apparent that the Northern part of the Western Provinces suffer from lack of adequate railway services which retard the development of the natural resources. We therefore ask leave to file a map of the railways in the North which shows the need for extensions. To this map is attached our arguments in support of the extensions requested. (Appendix C.)

MR. MacPHERSON: That will be Appendix C of 13. It is supposed to be at the back of the brief, my lord.

MR. COVERT: For the record, the map will be an appendix to Exhibit 13-C.

EXHIBIT No. 13-C—Map of Northern Railways and arguments in support of extensions requested.

MR. MacPHERSON: Q. Go ahead Mr. MacNeill.

A. We submit that if and when the railway system is completed along the line of our proposals, feeder lines to the Hudson Bay Railway will assist in providing substantial revenue to the railway and the necessary development of our Great North Land will become a practical possibility.

12. May we suggest that consideration be given to the colonization of the fertile Nelson River area comprising a territory of 150x50 miles located on both sides of the great Nelson River, eastward from the Hudson Bay Railway between mileages 100 and mileage 242 at the Manitou Rapids Bridge crossing over the Nelson River.

This project can cover colonization development and co-operative farming on a large scale and the territory will produce millions of cords of pulpwood and unlimited tonnage of paper by plants to be established and cheaply operated with hydro power obtainable at hand along the Nelson River. Small pulpwood operators are now engaged in the industry in this district.

The soil of this area is similar to that of the Carrot River Valley in North Saskatchewan where co-operative farming is now being undertaken. The development of this area will provide substantial revenue to the railway and homes and jobs for many people.

THE CHAIRMAN: Q. On this chart, Mr. MacNeill, I see a line with a short

dash and a long one; what does that indicate? It is at the bottom.

A. Well, that would denote under construction.

Q. You see this long black line that goes right out to the Bay; is that the proposed railway?

MR. O'DONNELL: That is the provincial boundary line.

MR. MacPHERSON: That is the boundary line, I think.

THE CHAIRMAN: What boundary?

MR. O'DONNELL: Manitoba-Saskatchewan.

MR. FRAWLEY: Northwest Territories.

MR. MacPHERSON: Ontario and Manitoba, that is what it is.

THE WITNESS: 13. The Hudson Bay Route Association has put forth great effort to publicize the Hudson Bay Route and encourage its use. It has been supported by large numbers of public spirited citizens in Manitoba, Saskatchewan and Alberta who have given of their time and energy in promoting the welfare of the Route and the Hudson Bay Railway in particular. This Association and its predecessor, the "On to the Bay Association" have been consistent in their efforts over a long period of time, even in the face of many discouragements. There is evidence that this work and the work of various other public and governmental bodies are bearing fruit. It is felt the time has arrived when active and energetic steps should be taken by the railway management to take advantage of the good-will which we feel our Association has built up for the Hudson Bay Railway. As a concrete proposal we respectfully suggest that a Freight Soliciting Agent be appointed to solicit traffic for the Route both in the Prairie Provinces and in the United Kingdom.

THE CHAIRMAN: Q. Mr. MacNeill, has your Association membership in the province of Alberta as well as Saskatchewan and Alberta?

A. Yes.

Q. A large number in Alberta?

A. Quite extensive; individual memberships as well as affiliations of chambers of commerce, boards of trade and other industrial organizations.

Q. Would you say that these people are all north of Edmonton, or throughout the whole province?

A. The whole province.

MR. MacPHERSON: Q. Go ahead, Mr. MacNeill.

A. Heretofore, no such soliciting agent, working specifically in the interests of the Route has been employed and this work has been done by individuals and governmental agencies interested in the development of the Hudson Bay Route. We attach considerable importance to this recommendation as we feel it is essential in order that the Hudson Bay Railway may obtain its full share of traffic, and particularly that it may lay the groundwork for obtaining its proper position in the handling of additional traffic when the potential development in the North is realized.

14. It has been and continues to be the objective of the Hudson Bay Route Association to have a full scale test made of the capabilities of the Hudson Bay Route. It has been estimated that under ideal conditions port facilities are capable of handling 25,000,000 bushels of grain for export during the present season.

THE CHAIRMAN: Q. Would you tell me what you mean by ideal conditions?

A. Well, weather conditions, not too many storms overhead, so that boats can ply back and forth regularly.

MR. MacPHERSON: Q. You mean the shipping?

A. The shipping, yes.

THE CHAIRMAN: Mr. MacNeill says that port facilities—I suppose as they are now—are capable of handling 25,000,000 bushels of grain, that is, provided the conditions are ideal.

Q. That means a large crop, among other things?

A. No; we would refer there to shipping conditions, the elevator capacity and—

MR. MacPHERSON: Q. Actually—I think probably this might clean that up—actually how much grain was moved through the port last year?

A. 5,300,000 bushels.

Q. And that was the heaviest movement of grain in any year?

A. Correct.

Q. Now, if you had ample shipping facilities, and with the season as it is, you say you could handle 25,000,000?

THE CHAIRMAN: Do these shipping facilities include vessels?

MR. MacPHERSON: Oh, yes, it is the vessels, I think.

Q. That is what you mean?

A. Yes, the shipping.

MR. FRAWLEY: Q. Mr. MacNeill, do you have the breakdown of that last year's 5,000,000 as between Alberta, Saskatchewan and Manitoba?

A. No, I have not got a breakdown of that.

MR. MacPHERSON: Q. It would be mostly Saskatchewan wheat?

A. Mostly.

THE CHAIRMAN: Q. Mostly Saskatchewan?

A. Mostly Saskatchewan.

It has been further suggested that the breaking point for economic operation is in the neighbourhood of 15,000,000 bushels. No attempt has been made so far to make a test of this magnitude to determine the facts and it is urged that such a full scale test be arranged at the earliest possible time.

15. In summary, therefore, we submit,

(1) That it is the earnest objective of this Association to develop, by all means possible, traffic both inward and outward over the Hudson Bay Railway and the Hudson Bay Route.

(2) That the present freight rate structure applicable to the Hudson Bay Railway is on a level which fails to reflect adequately the shorter distance of Prairie points to tidewater at Churchill and a revision of the rate structure is essential to make the Route more attractive to Prairie importers and distributors.

(3) That the Commission give careful consideration to our request for railway extensions in the North, as referred to in paragraph No. 14.

(4) That due consideration be given to colonization of the fertile Nelson River area.

(5) That a Freight Soliciting Agent be appointed for the specific purpose of promoting traffic for the Hudson Bay Route.

(6) The Association further recommends that a full scale test of the capability of Hudson Bay Route in the export of Prairie grain be inaugurated.

THE CHAIRMAN: What sort of test has Mr. MacNeill in mind?

THE WITNESS: The shipment of 25,000,000 bushels in one season.

MR. MacPHERSON: Q. The test you mean is a test to endeavour to ship 25,000,000 in one season?

A. In one season.

Q. That would be the obtaining of bottoms to carry the wheat as well as everything incidental thereto?

A. Yes.

Q. That is what you consider a test?

A. Yes.

THE CHAIRMAN: Q. Who is to make the test, the shippers or the railways, or how are you to gather these 25,000,000 bushels?

A. The Wheat Board would route it that way.

Q. Oh, you want The Wheat Board to do it?

MR. MacPHERSON: Q. Now, Mr. MacNeill, you have referred to a number of exhibits, and I think one of the exhibits that you have not mentioned is one that has to do with the financial position?

A. Exactly.

Q. And you have them all grouped together here, have you not?

A. All the exhibits are here, yes.

MR. MacPHERSON: Now, I want to file these.

THE WITNESS: I want to make remarks on the financial one.

MR. MacPHERSON: Well, make your remarks: this is on the financial aspect of Exhibit 13, which I now propose to file?

A. Financial, and Order in Council.

Dominion Government Department of Transport—Hudson Bay Railway—Financial Statements—1948-49, 1947-48. We would like to ask this Commission to examine the ratio of revenues and expenditures in this financial statement.

EXHIBIT No. 13-D—Consolidated Income Account, Hudson Bay Railway, 1948-49 and 1947-48.

THE WITNESS: This national investment totals around 70 millions of dollars including annual deficits—interest and sinking fund with no bonded indebtedness.

We would ask for the recommendation by this Commission for the immediate appointment of an independent three-man Supervisory Board for a five-year minimum period covering all conditions pertaining to the Hudson Bay Railway and Port of Churchill, operations on land and sea and composed of an engineer, traffic officer and accountant.

It is maintained that the attached Dominion Government Order in Council, P.C. 3340, dated at Ottawa, Tuesday the 27th day of July, 1948, is unsatisfactory and should be amended to provide for

a Supervisory Board as herewith specified, for additional protection of public equity.

THE CHAIRMAN: Q. What does the Order in Council provide for?

A. Gives the Canadian National Railways full maintenance and operating charge.

MR. O'DONNELL: It occurred to me, Mr. Chairman, that we might be interested in that Order in Council. I would like copies made to be filed. That will be Exhibit 14, possibly.

MR. COVERT: Yes, Exhibit 14.

EXHIBIT No. 14—P.C. 3340, dated July 22, 1948.

MR. O'DONNELL: I have three copies here, one for each of the Commissioners.

THE WITNESS: I have a few remarks to make—

MR. MacPHERSON: Go ahead, Mr. MacNeill.

THE CHAIRMAN: Q. On this Order in Council?

A. No, on the marine insurance and extension of season.

MR. MacPHERSON: That is part of Exhibit 13 that is filed.

THE WITNESS: Through personal experience over many years at Port Churchill and in Hudson Bay and Straits, I see no known difficulty to advancing the navigation season by several weeks in the month of July and extending the season at least for the present until the end of October of each year with absolute safety.

In making an urgent request for a revision downward of both Hull and Cargo Marine Insurance rates to Port Churchill to be competitive with other Atlantic ports, we would refer to the following precedent carried out by the Dominion Government:

"In the spring of 1924 the Dominion Government brought the question of the B.N.A. Warranty before the Imperial Shipping Committee with the result that all of the British North American ports on the Atlantic were included in the Warranty including the Port of Churchill."

It is therefore reasonably evident that an appeal from the Dominion Government made now re the above request would prove successful.

Attached is a detailed report on Marine Insurance with reference to Atlantic ports.

MR. MacPHERSON: Q. That is part of Exhibit 13?

A. That is an exhibit.

MR. HUNTER: Better make that 13-E.

MR. MacPHERSON: Exhibit 13-E, that is on the marine insurance?

A. Yes.

EXHIBIT No. 13-E—Hull Insurance Rates on the Hudson Bay Route.

THE WITNESS: In connection with the exhibit on colonization, herewith we desire to submit the attached precedent of railway agreements with the Province of Manitoba during the years 1901-04 granting freight rate concessions in order to open up and develop colonization of Manitoba and Western Canada.

We therefore earnestly suggest that this Royal Commission recommend some similar form of procedure with the Dominion Government and Canadian National Railways to develop and colonize the suitable territory located in Northern Manitoba adjacent and Easterly along the Hudson Bay Railway. Also attached is other evidence to warrant the commencement of this proposed colonization project. The exhibits are there.

MR. MacPHERSON: They are all filed in Exhibit 13.

Q. Now, is there anything further Mr. MacNeill.

A. Perhaps I may be permitted to say, I am sure it will be gratifying indeed to the many hundreds of individual members of the Hudson Bay Route Association, together with their affiliated bodies of Chambers of Commerce, Boards of Trade, Municipal Councils and other industrial and mercantile interests throughout the Prairie Provinces that you have so kindly extended an opportunity for a representative to present to you a "Submission" outlining some important requirements essential for the fuller increased development of the Hudson Bay Transportation Route in Western Canada.

I therefore express our sincere thanks to the Dominion Government and members of this Royal Commission on Transportation in the hope, sir, that you will make a thorough study of this matter with a view of determining and adjusting all underlying reasons, why this Transport Route does not operate more profitably for the benefit of our Western and national economy.

In an approach to a discussion of this great natural national transportation project and to help solve the difficulties toward a free and unfettered universal economic shipping entity, we should understand its relative basic position in

design and intent, so that we may accomplish the purpose for which it was built.

First, we must realize that this Route operates through the Atlantic tidewater Port of Churchill and all of its incidental functioning thereto should be considered as such and if it is to have its full measure of justice, its operations both on land and sea should receive similar consideration to other tidewater ports in Canada.

MR. MacPHERSON: Your witness.

MR. COVERT: Mr. Chairman, I notice it is one o'clock; I don't know whether you want to adjourn now.

THE CHAIRMAN: It is one o'clock, yes. I think we had better adjourn now.

EXHIBIT No. 13-F—Nelson River Valley Colonization Project.

The Commission adjourned at 1.00 p.m. until 2.30 p.m.

MR. MacPHERSON: Your witness, Mr. Covert.

MR. COVERT: Thank you.

CROSS EXAMINATION BY MR. COVERT

MR. COVERT: Q. First of all, Mr. MacNeill, would you tell the Commission how long is the season in which the port operates at the present time.

A. Approximately from August the 1st until October 12th, when the marine blanket insurance expires.

THE CHAIRMAN: Q. You are governed by the insurance regulations? You are talking of the insurance season?

A. No. That is the actual operating shipping season.

MR. MacPHERSON: Q. The Chairman wanted to know if the insurance had not expired, could you operate the port after that date?

A. Oh yes.

THE CHAIRMAN: Or, on the other hand, if the insurance began earlier, could the port operate earlier.

A. Oh yes.

Q. That is, I suppose, a technical point.

A. That is why we asked for an extension of the season both ways, earlier and later.

Q. For insurance purposes, what dates do you suggest?

A. We suggest from the 15th of July to the 30th of October.

Q. You think that is a reasonable proposal?

A. The Lloyd's Insurance Company—I would not like to say will guarantee—but they have said that if you have so many boats come in there in that time, they would be predisposed to give blanket insurance for that time. Twenty was the minimum of boats.

Q. There was a good big spread there.

A. That is right.

MR. COVERT: Q. At the bottom of page 9 and at the top of page 10 of your submission you said that you felt the time had arrived when active and energetic steps should be taken by the railway management to take advantage of the good-will which you feel the Association has built up for the Hudson Bay Railway. Are you suggesting that the railways had not recognized the possibilities of the development of this port.

A. Yes, we take that position.

THE CHAIRMAN: Q. There is only one railway there.

A. Yes, the Canadian National.

MR. COVERT: Q. The Canadian National Railways took the railway over last year, did they not?

A. By Order in Council, yes.

Q. Is it not true that up to date that particular branch of the railways has been operating at a deficit.

A. That is true.

Q. And I believe that you suggest that fifteen million bushels of grain is, what you would call, the breaking point; I take it: You mean that would be the break-even point below which it would operate at a loss, and above which, at a profit.

A. That would be according to the expenditure.

Q. I wonder if you would explain what you mean by 'breaking point for an economic operation'?

A. With the ordinary costs of maintenance of operating a railway, fifteen million bushels might take care of the ordinary expenses; but if there were excessive expenditure in that operation, it would not take care of it.

Q. I see.

A. And that is why we want a little more control. That is why we want that Order in Council amended. It is unsatisfactory. We might develop a lot of traffic for the Hudson Bay Route, when the expenditures would soar, and we could not say how much traffic would meet the expenditures.

Q. Are you suggesting, sir, that this line should be divorced from the C.N.R. entirely?

A. This route?

Q. Yes.

A. No.

Q. You are not? That is all, thank you.

THE CHAIRMAN: Are there any questions?

CROSS EXAMINATION BY MR. FRAWLEY

MR. FRAWLEY: Q. You told the Chairman this morning that you had a membership in Alberta. Would you just indicate the nature of that membership, the kind of people that belong.

A. Well, individual memberships, chambers of commerce, affiliations, boards of trade, town councils, and municipal councils.

Q. I see. A municipality might signify a desire to belong, and that would be one more member?

A. Yes.

Q. And a board of trade, another member; these individual members, who are they?

A. We have tickets that we send out, a dollar per membership. We have canvassers in the field selling membership tickets in the Hudson Bay Route Association. That is how we get a few dollars to carry on.

THE CHAIRMAN: Are there any questions which anyone wishes to ask?

CROSS EXAMINATION BY MR. O'DONNELL

MR. O'DONNELL: Q. I have not any questions, and inasmuch as this was discussed in Winnipeg, I do not think there is anything else I might say, other than to note that at page 10 where Mr. MacNeill suggests soliciting agents to be used to solicit traffic for this particular route, the railroads do not use soliciting agents to solicit traffic for any particular route, and as would appear at the bottom of page 10, paragraph 14, I merely observe that the shipper usually directs which route he wishes the traffic to go.

At page 6 there are other routes set out in paragraph 7, and I would merely indicate to the Board that the route from Montreal to Regina and from Montreal to Winnipeg is influenced by water-compelled rates to the extent of 934 miles; that is, as far as Montreal to Fort William; and that accounts for the difference.

A. Might I say something.

THE CHAIRMAN: Q. You may proceed.

A. We are appealing for the Hudson Bay Route differential on a mileage basis as a tidewater port, similar to Vancouver or Montreal. It never was the intention of the government in 1908, when this was first started; there was never any idea of basing the rate on an inland port of Fort William or Port Arthur, that they should govern a tidewater port tariff. It was never the intention! And in the years gone by it has stepped up into that situation, and we protest it.

MR. MacPHERSON: Thank you, Mr. MacNeill. I now call Mr. Brockelbank.

HON. J. H. BROCKELBANK, Called.

MR. MacPHERSON: This is the Honourable J. H. Brockelbank, who is giving evidence along that same district. Among the appendices filed by Mr. MacNeill was one dealing with proposed extensions, and Mr. Brockelbank will give evidence in connection with it.

MR. MacPHERSON: Q. Mr. Brockelbank, you are a member of the Government of Saskatchewan.

A. Yes.

Q. You are the Minister of Natural Resources?

A. Yes.

Q. And you are familiar with the Northeastern portion of this province of Saskatchewan.

A. To quite an extent.

Q. You have lived there for a great many years.

A. Yes.

Q. And you know that area.

A. Quite well.

Q. Mr. Brockelbank, there was an appendix C filed in connection with exhibit 13, which has been filed during Mr. MacNeill's evidence; and there is a proposed C.N.R. extension which you wish to speak to; and the first extension was from Carrot River and Arborfield via Cumberland House to The Pas. Will you please tell the Commission what you wish to say in connection with that particular extension.

A. This proposal here would serve a very good area of agricultural land which is, at the present time, far away from the railway. This splendid area extends the present settled area 36 miles at least beyond the rail head at Carrot River; and this area in the Cumberland House territory, which is on the Saskatchewan River, contains a considerable

area of land which has definitely agricultural possibilities. In fact, it is known as the Saskatchewan Delta; It is an area rich in soil; and, in addition, all this area, through that way, carries considerable timber, pulpwood, saw logs, and so forth. The railway would also make that accessible.

Q. The mileage, Mr. Brockelbank, from Carrot River to the present rail head via Cumberland House, would be how much?

A. Approximately 140 miles.

Q. And you say it would open up territory that is not now served by the railway at all.

A. Yes.

COMMISSIONER INNIS: Q. When you mention saw logs, has that to do with The Pas Lumber Company which draws pretty heavily on the Carrot River district?

A. This would be somewhat further north than that.

MR. MacPHERSON: Q. It would not be from the territory which now furnishes the lumber to The Pas.

A. The Pas Lumber Company have logs on the Carrot River and they drive the logs down the river to The Pas. But if this line were to go within reasonable distance of Cumberland House, it would be quite a distance from the Carrot River itself.

COMMISSIONER INNIS: Q. Where would this line bridge the Saskatchewan, at Cumberland House.

A. No, I would not think so. I think it would stay south, south of the Saskatchewan River.

Q. You would not cross the Saskatchewan.

A. No; it would cross it at The Pas.

Q. You do not show that route on the map.

MR. O'DONNELL: We could get it in Exhibit 9.

THE WITNESS: The present Hudson Bay Line crosses the Saskatchewan at The Pas.

MR. MacPHERSON: Q. Now, the second extension which you wish to speak to was one from Paddockwood to Lac La Ronge, which is directly north of Prince Albert.

A. Almost.

Q. The mileage from Paddockwood to Lac La Ronge, would be what?

A. About 120 miles.

Q. What have you to say about the topography of that country.

A. The country there is not very rolling or hilly, it is fairly flat until you get right to the Cumberland, or to Lac La Ronge. You get then, because of the age of the Pre-Cambrian Shield—this extension differs a little from the previous proposal. In the previous case it would be very valuable to have a rail transportation for the present settled area, and even a short extension there would be very valuable.

In this particular case the value of a railroad would be to get to the edge of the Pre-Cambrian Shield which is the mineralized area; and also, Lac La Ronge would be a very logical rail head, because transportation in the north, to a very great extent, is carried on by air. There is an excellent air base at Lac La Ronge. I suppose it will always be that much of the flying in the north will be done on floats and it will be necessary to have a good water base. That is now a licensed base and a very good one.

THE CHAIRMAN: Q. What about the highways in the northern part of that proposed route.

A. There is a highway at present from Prince Albert to Lac La Ronge.

MR. MacPHERSON: Q. Is there much exploration work being done in that district right now?

A. There is a good deal of exploration being done north, northwest and northeast of Lac La Ronge. It cannot be said—and I would not want to give any wrong information here—but it cannot be said that there are any important ore bodies in that area which are proven. There is uranium. There is gold. But as to base metals, I do not know so much about that there has been so much proven there.

Q. There has been some copper?

A. There is copper showing, I think; definitely there is.

Q. And so far as Lac La Ronge is concerned, there is the tourist industry.

A. Very definitely.

Q. Now the third extension which you suggest is Big River to Fort Black. What would be the extent of the mileage between Big River and Fort Black?

A. It would be around 125 to 130 miles.

Q. What is the topography of that country?

A. It is not unduly hilly; it is gentle and rolling.

THE CHAIRMAN: Q. You said from Big River?

A. From Big River, yes.

Q. I do not see Big River marked on the map.

A. It is just north and slightly west—

Q. But it is not on the map.

A. It may not be marked there, but it is the terminus of the C.N.R.

MR. O'DONNELL: Block C-12.

A. This proposed extension compares with the previous one to Lac La Ronge, except that this one does not reach the Pre-Cambrian area, and would not be affected, of course, by minerals from the Pre-Cambrian area, but it does go through an area which has a lot of very excellent stands of pulpwood, and would make that accessible so that it could be shipped out, as well as sawlogs. Fort Black is just this side of the lake from Ile-a-la-Crosse, which was one of the famous old settlements in Saskatchewan. I would like to say, sir, too, that this part of the province, though we regard it as the North, has some definite agricultural possibilities, for a modified form of agriculture.

THE CHAIRMAN: Q. Is there any such thing in the Lac La Ronge area, the one you spoke about?

A. There would be very little. There would be some possibility of agriculture, but it would have to be probably modified from what we regard as regular agriculture. It might run more to a ranching type or growing of fodder crops or fodder seed crops.

MR. MacPHERSON: Q. Then there would be fish and fur sources in that area as well?

A. In both areas.

Q. In both areas?

A. Yes.

Q. Now, Mr. Brockelbank, there is a fourth extension, from St. Walburg via Goodsoil and Pierceland to Beaver Crossing in Alberta; that crosses on the Alberta side. That rail mileage would be how long?

A. 100 or 105 miles.

Q. And what about the topography of that country?

A. It is fairly good agricultural country. Like the first one, or a part of the first proposed extension from Carrot River, this extension would serve a country that is largely agricultural. At the present time there is an area here about 60x75 miles which is all settled —I do not mean by that that every

square mile is settled, but it has agricultural settlement all through it on the land that is fit for agriculture. The balance is in forest. No railway is in this area at all. I would consider that this, together with the first proposal, to serve an already established agricultural area, is most important. In this area there are three grain elevators away from railroad which the grain companies have established to receive grain from the farmers, and then it is trucked out in big trucks from there to railhead. This area produces the grain that goes through those elevators; where farmers have efficient trucks of their own they may haul it out direct to railhead themselves. There is a considerable amount of livestock raised in the area. It is really a pretty good agricultural area.

Q. Now you are talking particularly of Goodsoil and Pierceland?

A. Goodsoil, Pierceland and Loon Lake.

Q. These were the four extensions that you wished to speak to, these four branches, Mr. Brockelbank?

A. Yes.

Q. And I think it is the fact that nothing has been done in the matter of extending these roads or these branch lines since 1930; would that be right?

A. I think that is about the date when the work ceased.

Q. When construction stopped?

A. Yes. Incidentally, in this Goodsoil-Pierceland area there was a railway grade built practically all the way through, but it stopped in 1930.

Q. The rail was never laid?

A. Rail was never laid.

Q. Now, is there anything else you would like to say to the Commission relative to these lines?

A. I think nothing else, except to emphasize the importance particularly to these already established agricultural communities of having rail service within a reasonable distance. The other extensions into the North I think are things that we should keep in mind, because development in the North may depend on those at any particular time, but the urgent extensions I would say are these, which serve already established agricultural communities, and would mean a great deal to these communities and to the further development of them.

THE CHAIRMAN: Q. You are assuming, Mr. Brockelbank, are you, that these territories that you have in view

now in connection with these extensions, would serve the Churchill route, the Hudson's Bay Route?

A. Of course, any goods that originate in this particular area, if they are going overseas and it is practicable for them to go through the Churchill route, they are in that area, and that was the reason for the proposed extension from Carrot River right through to The Pas. That would provide a cut-off right from Melfort, which is one of the very good producing areas in the province, right direct through to The Pas and thence to Hudson's Bay.

MR. MacPHERSON: Q. That is, you consider them as feeder lines for the Churchill route if necessary?

A. Oh, yes, absolutely.

MR. MacPHERSON: Mr. Covert.

MR. COVERT: No questions.

CROSS EXAMINED BY MR. O'DONNELL

Q. Mr. Brockelbank, have you had any estimate of the cost of these various projects made?

A. No, I have not.

Q. You have no idea what they would cost?

A. No.

Q. Some of that country, looking at the map—I don't know it at all—strikes me as being very difficult country to build in, or to build a railway in, at least?

A. Well, the country for example from St. Walburg through by Goodsoul and Pierceland would compare quite favourably with the country from St. Walburg south for 25 miles for construction of a railway—much the same kind of country.

Q. Would you suggest that they should be built at any cost at all, or should—

A. No.

Q. —a certain amount of judgment be exercised in respect of building them?

A. One couldn't go that far.

Q. For instance, you have here in the proposed extension No. 5, Gypsumville to Wekusko; that is approximately 200 miles.

MR. MacPHERSON: He did not speak of that.

THE WITNESS: I have not spoken of that.

MR. O'DONNELL: Q. I beg your pardon; shall we delete that from the brief?

A. No.

MR. MacPHERSON: I did not speak to that; it is not in Saskatchewan.

THE WITNESS: This is not my brief, of course.

MR. MacPHERSON: That was part of the brief of Mr. MacNeill.

MR. O'DONNELL: I beg your pardon; I had not looked at that.

Q. Now, on this extension No. 2, Paddockwood to Lac La Ronge, your Provincial Government Highway Map, which I believe is Exhibit 11, shows a fairly good highway right up through Prince Albert National Park?

A. Yes.

Q. To Lac La Ronge; and that is marked with a marking which indicates that it is a second-grade road, I think, a gravel road, is it not?

A. It is a gravel road.

Q. That is a good gravel road right up to Lac La Ronge?

A. Yes.

Q. Now, all those lines proposed would be in the nature of development or colonization lines, would they not, in the first instance?

A. No, I do not think so, because these two, particularly a short extension from Carrot River or Arborfield, or a connection and an extension, would be not colonization; the country is already colonized for 35 miles; it would be giving a service that is necessary I think.

Q. I see; helping develop the area?

A. And it would help to further develop it.

Q. In the first instance you would agree, I take it, that they could not be expected to be a commercial proposition; I mean the revenue that would accrue from the operation of the line would not make it self-supporting or make it a paying proposition, in the first instance at least?

A. Well, of course, the railway is now at Carrot River, and if the company decided to take up the last 20 miles of that line going into Carrot River they would still get most of the grain that was grown in there. If that line from Carrot River were extended, and a new town 12 or 15 miles farther in, I feel sure that they would be taking in two or three hundred thousand bushels of grain a year.

Q. But in the first instance, to build here, 140 miles, 121 miles and 130 miles into that relatively new territory, which

has not a very extensive population, would not be a paying proposition from the point of view of the railway, would it?

A. Some of these certainly not now, but—

Q. All I am trying to get at, Mr. Brockelbank, is to see what your ideas are as to who should bear the cost of operating those lines, which on their face would not be self-supporting in the first instance. Have you any views on that? You are Minister of—

A. Natural Resources.

Q. Minister of Natural Resources; and possibly you might have some views on that matter?

A. Well, we may, of course, find at any time we may have another Flin Flon not far from Lac La Ronge.

THE CHAIRMAN: Q. Another Flin Flon, a mine. That could happen, and it is in the area where it may develop.

MR. O'DONNELL: Q. But until that happens who would bear the operational deficits and who would bear the cost of

constructing the roads? That is all I am endeavouring to get at. Have you any ideas on that? I quite agree that it is in the interests of the country, possibly, to develop as much of the country as possible, but what consideration should be given to the railroad, any railroad that might have the willingness or be pioneer enough to go into this business? Should it receive some support until it gets operating in such a way that it carries itself, or if it never carries itself what should happen?

A. Well, if there was sufficient reason, of course, what was considered to be sufficient reason for building a railway that was uneconomic, the country should of course, as they have in the past, support it.

Q. That is what I had in mind. I just wondered if you had any further ideas on it. Thank you, Mr. Brockelbank.

MR. EVANS: No questions.

MR. MacPHERSON: Thank you, Mr. Brockelbank.

THE CHAIRMAN: Thank you, Mr. Brockelbank.

ADDENDUM

A SUMMARY OF APPENDIX AND EXHIBITS SUBMITTED TO THE ROYAL COMMISSION AND REFERRED TO IN THE EVIDENCE

1. APPENDIX No. 13A. Freight charges on Traffic "North Anglia" discharged in August and September, 1948, at Churchill, Manitoba. (Page 5).
2. EXHIBIT No. 13B. Booklet: Imports and Exports via Hudson Bay Route, 1948. (Page 6).
3. EXHIBIT No. 13C. Map of Northern Railways, and arguments in support of extensions requested. (Page 6).
4. EXHIBIT No. 13D. Consolidated Income Account, Hudson Bay Railway, 1948-49, and 1947-48. (Page 8).
5. EXHIBIT No. 14. Order in Council 3340, dated July 22nd, 1948. Requested that said Order in Council be amended to provide for a supervisory board for additional protection of public equity. (Page 9).
6. EXHIBIT 13-E. Hull Insurance Rates on the Hudson Bay Route. (Page 9).
7. EXHIBIT 13-F. Nelson River Valley Colonization Project. (Page 10)
8. EXHIBIT II. Provincial Government Highways Map shows a fairly good highway up through Prince Albert National Park. (Page 14).

